
Reports and Testimony: November 1992

Highlights

Student Loans

The federal government could save almost \$1 billion annually by switching from guaranteed to direct loans for college students, but most financial aid administrators and business officers in a GAO focus group expressed little confidence in the Education Department's ability to manage a direct loan program. Page 4.

High-Tech Competitiveness

Examination of 11 high-technology industries, including fiber optics, semiconductors, and consumer electronics, revealed a range of performance trends for American firms, although most showed some decline during the 1980s in the U.S. position relative to that of Japan. Page 29.

Bone Marrow Transplants

The National Marrow Donor Program increased its registry from about 72,900 donors in December 1989 to about 560,900 donors in April 1992, and while the percentage of minorities more than doubled they were still considerably below their proportion of the population. Page 13.

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Agriculture and Food

Food Assistance: School Milk Contract Bid-Rigging

GAO/RCED-93-5, Oct. 16 (26 pages).

The U.S. Department of Agriculture (USDA) has declined to suspend or exclude from participating in school milk contracts a number of dairies and individuals convicted of bid-rigging because the Food and Nutrition Service lacks investigators and lawyers with expertise in such matters. Although both the Justice Department and USDA oversee agricultural cooperatives, currently no formal process is in place for sharing information on cooperatives' pricing. Instead, officials have relied on an informal ad hoc method for sharing information on bid-rigging. USDA has yet to suspend or disbar any of the 16 dairies or the 35 individuals convicted of bid-rigging from participating in federally funded child nutrition programs. Bid-rigging awareness training for contracting officials has proven effective in deterring improper collusion. USDA has provided such instruction for school procurement officials in areas in which bid-rigging is known to have occurred and is expanding this training to other jurisdictions.

USDA Revenues: A Descriptive Compendium

GAO/RCED-93-19FS, Nov. 27 (73 pages).

This fact sheet provides a compendium of the revenues that the U.S. Department of Agriculture (USDA) collects from nonfederal sources for its products and services. In summary, more than 99 percent of these funds come from the following six USDA agencies: the Forest Service, the Agriculture Marketing Service, the Animal and Plant Health Inspection Service, the Food Safety Inspection Service, the Federal Grain Inspection Service, and the Soil Conservation Service. In fiscal year 1992, USDA collected an estimated \$1.85 billion from nonfederal sources. The compendium presents information in a common format for 58 revenue-producing products and services administered by the six agencies.

Budget and Spending

Impoundments:

Extended Availability for Fiscal Year 1992 Funds for AID's Housing Guarantee Subsidy Program

GAO/OGC-93-2, Nov. 3 (three pages).

On August 26, the President submitted to Congress his 104th special impoundment message for fiscal year 1992. The message reports one deferral of budget authority, which affects the Housing Guarantee subsidy account for the Agency for International Development. The Housing Guarantee program extends guarantees to U.S. private investors that make loans to developing countries to help them formulate and execute sound housing and community development policies that meet the needs of the poor. GAO found the deferral to be in accordance with the Impoundment Control Act.

Budget Issues:

Compliance With the Budget Enforcement Act of 1990

GAO/AFMD-93-38, Nov. 23 (23 pages).

In GAO's opinion, the reports issued by the Office of Management and Budget (OMB) and the Congressional Budget Office (CBO) complied with the Budget Enforcement Act of 1990 except for OMB's inflation adjustment to the fiscal year 1993 discretionary spending limits. This was incomplete because it did not cover personnel costs. Since OMB's judgments are binding, the spending limit for discretionary budget authority was \$2.5 billion higher than it should have been. GAO also discusses some implementation issues related to (1) classifying discretionary spending for domestic or defense programs, (2) distinguishing between discretionary and mandatory spending, and (3) making cost estimates. Categorizing spending by such criteria is difficult and subject to interpretation. OMB's and CBO's disagreement over how they classified parts of 16 programs illustrates the difficulties in the formula approaches to budgeting represented by the Budget Enforcement Act and Gramm-Rudman-Hollings before it. In addition, OMB's and CBO's cost estimates for three programs differ significantly because of varying technical and methodological assumptions.

Civil Rights

AID Management: EEO Issues and Protected Group Underrepresentation Require Management Attention

GAO/NSIAD-93-13, Nov. 23 (63 pages).

As of September 1991, women and minorities in the Agency for International Development's (AID) civil and foreign services were underrepresented in many professional and administrative jobs and at more senior grade levels. In most cases, these groups were underrepresented by only a small number of individuals; underrepresentation by white females, however, was significantly higher. AID lacks a recruitment plan targeting specific areas of underrepresentation. Although AID did not collect and analyze hiring, assignment, and promotion data, the information available on AID's hiring practices reveals that minorities had been adversely affected. AID has not determined the reasons for the disparities. GAO found that white females were generally not adversely affected by AID's hiring, assignment, and promotion practices and that this group often had the highest selection rate. AID's Equal Employment Opportunity Oversight Board has not met since June 1986, and AID did not create two alternative review groups until 1990 and 1991. Also, senior managers were not held accountable for accomplishing action items listed in AID's affirmative action plan, and AID lacked an effective system to report progress in correcting underrepresentation of women and minorities.

Education

Student Loans: Direct Loans Could Save Billions in First Five Years With Proper Implementation

GAO/HRD-93-27, Nov. 25 (32 pages).

A switch to direct student loans from guaranteed loans could save the federal government about \$4.8 billion within the first five years. Adjusted to reflect loan repayments, direct loans could cost about \$9.7 billion as opposed to \$14.6 billion for guaranteed loans over this period. A direct loan program could achieve these savings by enabling the government to partially offset program costs with borrowers' interest payments, reducing the cost of the interest benefit, and eliminating special allowance payments. GAO did focus group interviews with financial aid administrators and school business officers from postsecondary educational institutions. These individuals had mixed views about their ability to run a direct loan

program but were clearly negative about the Department of Education's ability to manage one.

**Department of Education:
The Eisenhower Math and Science State Grant Program**

GAO/HRD-93-25, Nov. 10 (30 pages).

GAO reviewed the Department of Education's Dwight D. Eisenhower Mathematics and Science Education program, the largest federal effort for training elementary and secondary teachers in math and science. The ultimate goal is to make U.S. students first in the world in math and science achievement by the year 2000. The program is now authorized through fiscal year 1993. GAO discusses (1) how state grant funds are spent, (2) how experts view proposed improvements to the program, (3) how well Education collects and analyzes data on the program, and (4) how well various federal agencies sponsoring math and science education programs coordinate their efforts.

**Guaranty Agency Solvency:
Can the Government Recover HEAF's First-Year Liquidation Cost of \$212 Million?**

GAO/HRD-93-12BR, Nov. 13 (32 pages).

This briefing report provides information on the Department of Education's agreement to liquidate the Higher Education Assistance Foundation (HEAF), a national guarantor of student loans under the Stafford Student Loan Program. HEAF was experiencing serious financial difficulties and, in June 1990, announced that it might not be able to pay promptly all its lenders' student loan default claims—one of the main responsibilities of a guaranty agency. GAO discusses the federal costs incurred in fiscal year 1991 due to the Department's agreeing to this liquidation.

Energy

**Department of Energy:
Project Management at the Rocky Flats Plant Needs Improvement**

GAO/RCED-93-32, Oct. 16 (17 pages).

Various studies of the Department of Energy's (DOE) Rocky Flats Plant in Colorado have highlighted numerous management weaknesses that have affected some projects at the plant. GAO identified two ongoing projects—the supercompactor and upgrades to the plant's low-level waste transfer system—that have experienced massive cost growth during the past four years. In both cases, project managers did not properly oversee the early stages of the projects' development. Both the plant contractor and DOE have taken steps to address some of these weaknesses, but GAO is concerned that these actions may not be comprehensive enough to resolve all the problems. Although the plant contractor has developed corrective action plans and has made progress implementing them, the plans were based only on the contractor's business management review study and may not include some urgently needed corrective actions. DOE officials have said that they have addressed the problems cited in previous management studies but have not yet developed a comprehensive corrective action plan with detailed tasks and completion milestone dates. DOE officials believe that such a plan is necessary and have designated someone to draft one. The agency, however, still needs to define the plan's scope and set a date when the plan should be finished.

**Nuclear Weapons Complex:
Weaknesses in DOE's Nonnuclear Consolidation Plan**

GAO/RCED-93-56, Nov. 19 (27 pages).

The end of the cold war and expected reductions in the nation's nuclear weapons arsenal has prompted the Department of Energy (DOE) to study ways to consolidate the agency's nuclear weapons complex. The agency's first choice is to centralize most of its nonnuclear operations, which produce nonnuclear components for weapons, in Kansas City, Missouri. A number of other nonnuclear activities would move to other DOE facilities or be privatized. GAO is concerned because the costs associated with this plan are uncertain and the technical risks of consolidation have not been thoroughly explored. DOE recognizes some of these weaknesses and is looking into other options, such as moving specific operations to the national laboratories. It is also doing more detailed cost estimates on other options. Some weaknesses, however, continue to receive little attention. Further analysis of additional policy options and technical risks is needed to assure Congress and the public that all reasonable options have been explored and that DOE's approach will minimize risks. Moreover, a specific size for the complex has yet to be decided. GAO believes that the selection of the complex's size and capabilities sets a critical baseline for

consolidation planning. Once parameters are placed on the future production capability of the complex, consolidation planning to establish that capability can go forward.

Environmental Protection

Drinking Water: Projects That May Damage Sole Source Aquifers Are Not Always Identified

GAO/RCED-93-4, Oct. 13 (22 pages).

At least 22 million Americans rely on groundwater as their main source of drinking water. The Environmental Protection Agency (EPA) is authorized to deny federal financial assistance to projects that could contaminate "sole source aquifers"—the only source of drinking water for certain communities. As of June 1992, EPA had designated 56 sole source aquifers across the country that serve more than 22 million people. This report discusses whether the Federal Highway Administration followed established procedures for referring two highway projects located over the Edwards Aquifer in Texas to EPA for review. It also examines whether there are potential nationwide weaknesses in the mechanisms that trigger reviews of federal financially assisted projects that may contaminate sole source aquifers.

Testimony

EPA's Superfund TAG Program: Grants Benefit Citizens But Administrative Barriers Remain, by Richard L. Hembra, Director of Environmental Protection Issues, before the Subcommittee on Investigations and Oversight, House Committee on Public Works and Transportation. GAO/T-RCED-93-1, Nov. 10 (29 pages).

The Environmental Protection Agency's (EPA) Technical Assistance Grant Program provides local communities with up to \$50,000 to hire advisers to help them understand the technical aspects of hazardous waste site cleanups. Although the program appears to be helping foster public understanding of and involvement in cleanups of local Superfund sites, problems with public outreach, grants management, and administration may be hampering public participation in the program. To its credit, EPA's recent efforts to streamline the procurement procedures appear to be a step in the right direction. These actions alone, however, are not enough. Limited public outreach efforts and administration barriers continue to dog the program. Moreover, with program reauthorization imminent,

clarifying how program recipients may use the grant moneys and how the Superfund Accelerated Cleanup Model may affect the program could minimize additional concerns in the future.

Financial Management

Financial Management: Serious Deficiencies in State's Financial Systems Require Sustained Attention

GAO/AFMD-93-9, Nov. 13 (40 pages).

The State Department's financial operations and systems, which account for more than \$5 billion in annual appropriations, are weak and have been for many years. Responsibility for financial management remains fragmented. State's financial operations continue to be hampered by inexperienced and inadequately trained financial management staff. Also, domestic and overseas financial systems are incompatible, have been allowed to deteriorate, are out-of-date, and cannot meet managers' needs. The Department acknowledges the seriousness of its problems. To meet the requirements of the Chief Financial Officers Act and conform its financial systems to federal accounting requirements, the Department has begun strengthening its Chief Financial Officer structure, addressing the problem of fragmented responsibilities, and developing an overall strategy for resolving its long-standing financial management weaknesses. A financial systems improvement plan is critical to guiding the Department's efforts to standardize and integrate financial systems, and the financial information needs of managers and others will have to be identified and documented.

Rural Telephone Bank: Review of Fiscal Year 1992 Interest Rates on Rural Telephone Bank Loans

GAO/AFMD-93-37, Nov. 19 (10 pages).

GAO is required to review each year the interest rate charged to borrowers, referred to as the cost of money rates, as set by the Rural Telephone Bank for the preceding fiscal year. The Rural Telephone Bank now calculates the following two rates: (1) the interest rate used for advances made during fiscal year 1992 on loans approved before that year (referred to as loans from the liquidating account) and (2) the interest rate used for advances made during fiscal year 1992 on loans approved on or after

October 1, 1991 (referred to as loans from the financing account). The Rural Telephone Bank's fiscal year 1992 cost of money rates were pegged at 6.14 percent and 7.38 percent for advances from the liquidating account and financing account, respectively. GAO found these rate determinations to be in accordance with the law.

Government Operations

Asbestos in Federal Buildings: Federal Efforts to Protect Employees From Potential Exposure

GAO/RCED-93-9, Oct. 6 (41 pages).

Before the health risks were recognized, thousands of buildings were constructed with materials containing asbestos. The full extent of the problem in federal buildings is unknown because no single agency has assumed responsibility for collecting information on this situation. Furthermore, the agencies GAO reviewed lack complete and accurate inventories of the buildings containing asbestos. The most comprehensive data available, dating from a 1984 EPA survey, suggest that nearly 40 percent of federal buildings contain asbestos that is loose to the touch. GAO discovered asbestos materials at all 14 federal worksites it visited; at 11 of these sites some of the materials were damaged or were deteriorating. The worksites visited were not fully implementing Occupational Safety and Health Administration (OSHA) requirements and the Environmental Protection Agency's recommendations for managing asbestos. Of the five agencies reviewed, only the General Services Administration (GSA) and the Forest Service had issued policies informing worksite managers about how to manage asbestos. In addition, only GSA routinely monitored the effectiveness of the asbestos programs at the worksites. Officials responsible for asbestos management at these agencies were either unaware of OSHA's asbestos requirements or believed that the requirements applied only under limited circumstances, such as when asbestos might be disturbed during renovations or repairs.

National Science Foundation: Better Guidance on Employee Book Writing Could Help Avoid Ethics Problem

GAO/GGD-93-8, Oct. 9 (30 pages).

Two National Science Foundation (NSF) employees coauthored and arranged for the publication of Rush to Policy in 1988 and The Practice of

Policy Analysis in 1991. The employees prepared the books, in part, during official work hours, using government secretarial support and computers. Even so, NSF allowed the employees to publish the books as private individuals through commercial publishers. Had NSF determined that the books were being prepared as outside activities, the employees would not have been allowed to use those government resources. Or had NSF determined that the books were being done as part of the employees' official duties, it should have reviewed the content of the books and arranged for their publication according to federal laws and regulations. GAO concludes that NSF ethics officials did not clearly determine whether the book projects were official NSF responsibilities or outside activities. As a result, NSF did not ensure that the books were produced in accordance with federal requirements, thereby exposing the agency and its employees to possible statutory and regulatory violations. NSF needs policies and procedures for systematically advising employees on book-writing and publishing activities relating to NSF's responsibilities.

Private Attorneys:

Information on the Federal Government's Use of Private Attorneys

GAO/GGD-93-17FS, Oct. 20 (95 pages).

Overall, the federal government paid more than \$600 million during fiscal year 1991 for both contracted legal services and attorneys' fees awarded to prevailing parties. Fifty-nine agencies reported awarding about 4,500 contracts and paying \$587 million for legal services that year. This report discusses in detail the number of contracts awarded and the amounts paid by each agency. The largest users of contracted legal services were the Federal Deposit Insurance Corporation and the Resolution Trust Corporation, followed by the Administrative Office of the United States Courts' appointments of private attorneys under the Criminal Justice Act.

Whistleblower Protection:

Determining Whether Reprisal Occurred Remains Difficult

GAO/GGD-93-3, Oct. 27 (21 pages).

Even though the Whistleblower Protection Act of 1989 was intended to bolster protections for whistleblowers, employees claiming reprisals for whistleblowing at the Office of Special Counsel are finding that proving their cases is as difficult now as it was before the law was passed. The main reason remains the lack of enough evidence linking the employee's

whistleblowing and the reprisal. GAO also found that federal employees do not know where to report misconduct or what their whistleblower rights to protection are. In addition, agencies are not required to tell employees about whistleblower rights and procedures.

**Appraisal Reform:
Implementation Status and Unresolved Issues**

GAO/GGD-93-19, Oct. 30 (16 pages).

Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 requires that real estate appraisals for transactions involving the federal government be written reports that conform to uniform standards and be completed by certified professionals. Overall, positive strides have been made at the federal and state levels to implement Title XI by the December 31, 1992, deadline. For example, all 50 states and the District of Columbia and most U.S. territories have come up with programs for licensing and certifying appraisers. Moreover, as of September 1992, nearly 60,000 appraisers nationwide had been state licensed or certified. Similarly, each of the federal financial institutions regulatory agencies and the Resolution Trust Corporation have issued appraisal regulations. These changes have been accompanied by controversy, however, and several issues remain unresolved, including appraiser availability and appraisal cost, the appropriate de minimus threshold, standards for evaluating real-estate-related financial transactions under the de minimus threshold, and state enforcement of appraisal standards.

**Postage Stamp Production:
Private Sector Can Be a Lower Cost Optional Source**

GAO/GGD-93-18, Oct. 30 (49 pages).

Producing postage stamps is big business. In fiscal year 1991, the U.S. Postal Service spent \$124 million for about 54 billion stamps. Concerns have been raised about the Postal Service's efforts to acquire stamps from private sector suppliers. Even though private industry can produce most stamps for less cost than the Bureau of Engraving and Printing, the Postal Service should maintain the Bureau's role as a major stamp producer because it is immune to union strikes, bankruptcies, and other problems that beset the private sector. GAO compared costs on pairs of comparable stamps produced by the Bureau and the private sector and found that for

seven of eight selected pairs, the costs of private sector products were lower. Although the Postal Service monitors the quality of private sector and Bureau products differently, quality deficiencies have been discovered in stamps produced by both groups. The relationship between the Bureau and the Postal Service has greatly improved since the late 1980s, mainly because of a formal interagency agreement that put the relationship between the Postal Service and the Bureau on a businesslike basis. The Postal Service now expects the Bureau to remain the main source of postage stamps.

**U.S. Postal Service:
Tracking Customer Satisfaction in a Competitive Environment**

GAO/GGD-93-4, Nov. 12 (32 pages).

The Consumer Satisfaction Index is an independently run, statistically valid survey of residential customer satisfaction with the quality of service provided by the U.S. Postal Service (USPS). Extensive research and development went into designing the user-friendly questionnaire; the sampling methodology used is sound; and enough controls are in place to ensure the integrity of the results. The publicly released survey results, however, do not necessarily reflect how satisfied household customers are with specific services. GAO found that survey respondents generally rated USPS' overall performance higher than they rated specific performance dimensions, such as length of lines for window service or consistent delivery of local mail. USPS uses the survey to evaluate management performance and to identify areas needing improvement. USPS' practice of publicly reporting the national and local overall performance ratings, but not the ratings on specific service dimensions, conforms with laws allowing USPS to retain information that it considers to be of a commercial nature. USPS competitors, such as Federal Express and United Parcel Service, also do not disclose detailed information that they collect from their customers on their performance.

**Revised Delivery Standards:
Postal Delivery Scores Improved but Service Is Slower**

GAO/GGD-93-12, Nov. 25 (60 pages).

Claiming that its customers valued consistency over promptness in mail delivery, the U.S. Postal Service (USPS) revised its first-class mail service standards in 1990. The new standards were intended to set more realistic

goals for the time a letter should take to travel between two points and thus to allow the goals to be met more consistently. About eight percent of overnight mail became two-day mail, and about 22 percent of two-day mail became three-day mail. After the standards were relaxed, delivery service for stamped mail more often met the new standards—driving up the percentage of mail delivered on time. But no improvement occurred in actual delivery service. This report discusses the (1) volume of first-class mail subject to the new standards; (2) effect of the standards' changes on the speed and consistency of delivery service and on postal operations; (3) savings from operational changes; and (4) views of postal management, customers, and unions on the revised standards.

**District's Pensions:
Billions of Dollars in Liability Not Funded**

GAO/HRD-93-32, Nov. 30 (30 pages).

Pension obligations owed to current D.C. employees and retirees exceed the District's pension fund assets by nearly \$5 billion. Further, the percentage of pension obligations covered by assets is lower than that reported by most of the comparable plans GAO examined. This inadequate funding results primarily from the federal government's transferring a \$2 billion unfunded liability for pension benefits to the D.C. government more than a decade ago. There is no legal requirement to amortize this unfunded liability. Mandated federal and District contributions to the retirement funds, through 2004, will not stop the unfunded liability from increasing. It will reach an estimated \$7.7 billion by that year. Under the D.C. Retirement Reform Act, the unfunded liability will never be eliminated, although the formula for determining District contributions will change beginning in 2005 and the liability should stop increasing, assuming the District makes the required contributions. In 2005, under the changed formula, the District's annual contribution could represent about 15 percent of the revenue collected by the District, compared with about eight percent in 1991.

Health

**Bone Marrow Transplants:
National Program Has Greatly Increased Pool of Potential Donors**

GAO/HRD-93-11, Nov. 4 (76 pages).

Each year, thousands of people diagnosed with leukemia and other fatal blood diseases discover that a bone marrow transplant may be their only hope for long-term survival. About two-thirds of all patients who might benefit from this procedure, however, have no related donor with compatible tissues and are compelled to seek out marrow donations from unrelated volunteers. The National Marrow Donor Program, established by Congress in the mid-1980s, has expanded its bone marrow registry from nearly 73,000 donors at the end of 1989 to about 561,000 donors in April 1992. The proportion of minorities more than doubled during this period, from about 5.8 percent to about 14.2 percent. This larger and more diverse pool of donors has improved the odds of finding matching donors for patients with rarer tissue types. Yet the proportion of blacks and Hispanics on the registry remains considerably less than their proportion of the U.S. population as indicated by the 1990 census. Although the number of transplants increased, the proportion of searches that culminated in a bone marrow transplant did not change markedly from 1987 to mid-1991. As of July 1991, only 13 percent of the patients searching for a donor actually obtained a marrow transplant. This paucity of results occurred for many reasons—financial, genetic, medical, and personal. Research on the matching of blood cell proteins, known as human leukocyte antigens, and other factors affecting the patients' search, such as difficulties in finding a suitable donor, may help improve the outcomes of donor searches and of marrow transplants using unrelated donors.

Home Health Care:

HCFA Properly Evaluated JCAHO's Ability to Survey Home Health Agencies

GAO/HRD-93-33, Oct. 26 (eight pages).

The Joint Commission on Accreditation of Healthcare Organizations (JCAHO) is a nonprofit organization that evaluates and accredits both hospital-based and freestanding home health agencies. GAO found that the Health Care Financing Administration (HCFA) properly evaluated the commission's ability to ensure that home health agencies meet Medicare conditions of approval. Further, HCFA's evaluation was done in accordance with the proposed regulation governing the granting of deeming authority to accrediting organizations. As a result of its review, HCFA believed that some issues needed to be resolved before it could approve deeming authority for JCAHO. These issues were discussed with JCAHO and have been resolved to the satisfaction of both organizations.

**Health Care:
Reduction in Resident Physician Work Hours Will Not Be Easy
to Attain**

GAO/HRD-93-24BR, Nov. 20 (50 pages).

Patients being treated by sleep-deprived resident physicians may be at high risk for medical errors. The Accreditation Council for Graduate Medical Education recognizes this problem but has yet to set a work-hour limit for all its 24 specialty residency programs, mainly because council members disagree about setting limits on resident work hours. Instead, the council adopted compromise guidelines in February 1992 that encourage limiting on-call duty to one night out of three and giving residents at least one day off during a seven-day workweek. Even under these guidelines, however, it is still possible for a resident to work 96 hours or more per week. New York is the only state that now limits the number of hours a resident may work in a week—no more than an average of 80 hours per week during a four-week period. But implementation of the New York regulations has been costly because more staff are needed to take the residents' place, and several private hospitals and other facilities have yet to fully comply with the regulations. Resident reforms have already been made in England, New Zealand, Canada, and Australia.

**Utilization Review:
Information on External Review Organizations**

GAO/HRD-93-22FS, Nov. 24 (96 pages).

Utilization review organizations (URO) significantly influence the provision of and payment for health care in this country. Because recommendations made by these organizations can impact the care approved for payment, a URO might affect a patient's access to health care. As a result, there is considerable interest in the health care community about who makes utilization decisions, their professional experience, and the review criteria they use. This fact sheet provides information on (1) the size and ownership of UROS, (2) the professional qualifications of the staff involved in utilization review decisions, (3) the complexity of decisions made by various types of staff, (4) appeal procedures, (5) clinical review criteria used by UROS, and (6) quality assurance procedures implemented to ensure adherence to company directives. In short, GAO discovered the following: that UROS often employ physicians on a part-time basis or as consultants; registered nurses are heavily involved in first-level review decisions but

doctors become more involved during the second-level review and appeals process; UROS generally use commercially developed review criteria when making their recommendations; most UROS have established appeal procedures; of the few utilization decisions that are appealed, many are successful; and UROS have implemented quality assurance procedures to ensure adherence to company directives.

**Health Reports:
October 1990 Through October 1992**

GAO/HRD-93-38, Nov. 1992 (39 pages).

This publication lists GAO health reports and testimony issued during the past two years, including titles, report numbers, and issue dates. Recent documents are accompanied by summaries. Order forms at the end of this publication can be used to request GAO products or to add a person's name to GAO's mailing list for health reports.

International Affairs

**North American Free Trade Agreement:
U.S.-Mexican Trade and Investment Data**

GAO/GGD-92-131, Sept. 25 (119 pages).

This report provides information on the prospective North American Free Trade Agreement, negotiated between the United States, Mexico, and Canada. GAO discusses (1) Mexico's trade flows with the United States and its worldwide and selected bilateral trade flows for 1980-91; (2) foreign direct investment between Mexico and the United States and selected countries' direct investment in Mexico for 1980-91; (3) maquiladora operations in Mexico for 1980-91; and (4) the top 50 companies, importers, exporters, and maquiladoras operating in Mexico in 1990.

**Foreign Disaster Assistance:
AID Has Been Responsive but Improvements Can Be Made**

GAO/NSIAD-93-21, Oct. 26 (65 pages).

When disasters strike other countries, the United States traditionally provides most of its assistance through the Agency for International Development's (AID) Office of U.S. Foreign Disaster Assistance (OFDA). This report (1) assesses OFDA's responsiveness to overseas disasters,

including the agency's interaction with the United Nations and other nongovernmental organizations; (2) evaluates AID's budget procedures for disaster assistance from 1981 to 1990; (3) reviews AID's policy on responding to long-term or ongoing disasters; and (4) evaluates whether OFDA provides even-handed disaster assistance.

**International Trade:
Restrictions on U.S. Racehorses in Foreign Country Races**

GAO/GGD-93-15, Oct. 30 (13 pages).

The transporting of racehorses between continents has increased significantly during the past 50 years, spurred by a series of lucrative international races that first appeared before World War II. In the course of this international traffic, racehorses have encountered various barriers in the form of tariffs, races that are closed to foreign-bred animals, customs delays at border crossings, and health quarantines. This report examines the barriers that limit participation by U.S. thoroughbred racehorses in races overseas. Although GAO focused primarily on Japan, which has the highest purses worldwide, as well as one of the most stringent set of restrictions, GAO also reviewed the horse race restrictions in Hong Kong, European Community member nations, European Free Trade Association member countries, Australia, Thailand, and New Zealand.

**El Salvador:
Role of Nongovernment Organizations in Postwar Reconstruction**

GAO/NSIAD-93-20BR, Nov. 16 (21 pages).

GAO reviewed the role of nongovernment organizations in the economic and social reconstruction of El Salvador following 12 years of civil war. This report discusses (1) the experiences these organizations have had, especially as they relate to administering and accounting for program funds in line with U.S. standards; (2) what mechanisms are available to help the organizations that want to participate in the reconstruction program to strengthen their administrative capabilities; (3) whether the Salvadoran government has procedures that impede greater participation by the organizations; and (4) the extent to which the organizations, particularly the five primary ones affiliated with the Farabundo Marti National Liberation Front, are participating in the reconstruction efforts.

**Foreign Assistance:
Cost Reductions From Improved Cash Transfer Management**

GAO/NSIAD-93-58, Nov. 18 (20 pages).

Some countries have earned and kept millions of dollars in interest on cash grants from the United States, despite guidelines for managing foreign aid grants that call for retaining funds in the U.S. Treasury as long as possible to minimize federal borrowing costs or returning the interest earnings to the Treasury to offset these costs. GAO's review of assistance to 22 countries revealed that nearly \$230 million in interest had been earned by recipient governments on about \$6.6 billion in cash grants between October 1988 and May 1992. Israel, the single largest recipient, receives its cash grants within 30 days of appropriation and has earned about \$163 million in interest on \$3.6 billion in grants. Poland, another special case, earned about \$31 million on a \$200 million U.S. contribution to a currency stabilization fund. Options for improving the Agency for International Development's (AID) cash management practices without detracting from foreign assistance objectives include (1) direct payment by AID for official debts and for reimbursements for imports and (2) retaining the current practice of depositing funds into separate accounts but with the interest accruing to the United States.

**Justice and Law
Enforcement**

**Money Laundering:
State Efforts to Fight It Are Increasing but More Federal Help
Is Needed**

GAO/GGD-93-1, Oct. 15 (47 pages).

Although more and more states recognize that attacking money laundering can take the profit out of crime, only a few states use both legislation and financial transaction reports as federal law enforcement agencies do. Almost half the states have statutes on money laundering, but the laws differ vastly as to the elements of the offense and the penalties provided for. Most states are making only limited use of the Bank Secrecy Act data available from the Treasury Department. Six states receive information directly from the Treasury already on magnetic tape, enabling them to process and analyze it the same way federal agencies do. Other states rely on a more cumbersome process of writing to Treasury and asking for information on individual suspects on a case-by-case basis. Although Internal Revenue Service (IRS) Form 8300 provides the same basic

information as the Bank Secrecy Act reports, the IRS code does not allow disclosure of the data to other than federal agencies for law enforcement purposes. In an effort to obtain the data, several states require that copies of the form also be filed with the state. Compliance with such requirements, however, has been very low and has limited the data's usefulness.

**Firearms License Applications:
Processing Improvements Made but Applicant Qualification Checks Limited**

GAO/GGD-93-20BR, Nov. 2 (48 pages).

This briefing report reviews how efficiently the Bureau of Alcohol, Tobacco and Firearms (ATF) processes firearms license applications. GAO found that 10 percent of the applications submitted during its survey week in November 1991 were not approved by ATF within the statutorily mandated 45-day period, instead taking up to 71 days to be processed. In addition, ATF's method of tracking and reporting late applications was inaccurate. GAO believes that the licensing process could be made more efficient and that most license issuances could be accelerated. Finally, because of (1) weaknesses in the completeness and the currency of state and federal criminal history record systems and (2) difficulty in verifying other applicant qualifiers, ATF could not guarantee that firearms applicants met all qualifications.

National Defense

**POW/MIA Affairs:
Issues Related to the Identification of Human Remains From the Vietnam Conflict**

GAO/NSIAD-93-7, Oct. 14 (72 pages).

In the mid 1980s, critics alleged that the Army had inaccurately identified the remains of personnel found in Southeast Asia who had been listed as killed or missing in action during the Vietnam War. In particular, the Army's Central Identification Laboratory in Hawaii was criticized for using identification techniques that were not accepted by the scientific community and for lacking adequate staff, facilities, equipment, and review procedures. Since then, the laboratory has revised its practices and procedures to ensure that only scientifically accepted techniques and methodologies are used to identify remains; appointed a world-renowned

board-certified forensic anthropologist as the laboratory's first scientific director and hired qualified staff to do the identifications; and established an extensive review process to minimize the possibility of misidentifications. Despite these improvements, the laboratory still lacks internal controls needed to manage an efficient identification operation. GAO found instances when the laboratory (1) could not readily locate case files and remains and (2) did not properly document requests for antemortem records to outside agencies. These weaknesses could delay the identification process. GAO also found that the services' absence of physical control over the remains leaving the laboratory had led either to some remains disappearing or unacceptable risks of such loss.

**Defense Logistics Agency:
Why Retention of Unneeded Supplies Persists**

GAO/NSIAD-93-29, Nov. 4 (19 pages).

According to its own records, the Defense Logistics Agency (DLA) had nearly 500,000 different items on hand as of March 1991 that had not been requisitioned for at least three years. These items accounted for \$980 million of DLA's entire \$11.7 billion inventory. Although DLA created programs to reduce the number of national stock numbers managed and to remove the unneeded assets from its inventory, not all items are covered by these programs. Many item managers are unfamiliar with inactive items they are responsible for. Data files contain inaccurate data that may cause managers to make incorrect decisions on retaining or deleting stock. GAO found assets for locally purchased items that had been returned to warehouses with no established means to use them. Also, national stock numbers sponsored by nondefense agencies are not covered by DLA's programs. GAO found assets for nondefense users that were left sitting in warehouses. Since GAO's review, the Defense Department has told DLA to take corrective actions on these problems.

**Army Training:
Replacement Brigades Were More Proficient Than Guard Roundout Brigades**

GAO/NSIAD-93-4, Nov. 4 (39 pages).

In this report on the active Army brigades that replaced the National Guard's combat roundout brigades for Operations Desert Shield and Desert Storm, GAO compares the two groups in terms of officer and

noncommissioned officer leadership training completed, military occupational specialty qualification rates, gunnery qualification rates, and collective training events completed. The replacement brigades showed a higher level of proficiency at the time of their deployment to the Persian Gulf for almost every objective measure of individual and unit proficiency than did the roundout brigades. GAO's analysis of the training done by the replacement and roundout brigades the year before Operation Desert Storm showed that replacement brigade soldiers had many more opportunities to develop proficiency in the key building blocks of Army training: leadership, individual, and crew skills. The new equipment received by the replacement brigades did not pose operating difficulties; rather in all cases, it enhanced their capability. Equipment shortages were similar for both groups and generally reflected Army-wide conditions.

**Communications Acquisition:
Army Still Needs to Determine Battlefield Communications
Capability**

GAO/NSIAD-93-33, Nov. 4 (28 pages).

In two analyses completed in 1991, the Army concluded that three planned communications systems would handle the work load generated by the Army Tactical Command and Control System (ATCCS), a collection of automated systems handling battlefield information. The analyses, however, are fraught with deficiencies that bring into question whether the communications systems will adequately support ATCCS. For example, the Army (1) did not use an appropriate threat scenario, (2) did not verify or accredit the model used to do the analyses, (3) used data information on users' communications requirements, and (4) included limitations that weakened the analyses. The Army is trying to correct some of these limitations. In response to the reduced Soviet threat, the downsizing of the U.S. military, and the ongoing changes in war-fighting doctrine, the Army is reviewing ATCCS to see whether its system requirements need revising. Any revisions could affect the communications support needed for ATCCS.

**Military Afloat Prepositioning:
Wartime Use and Issues for the Future**

GAO/NSIAD-93-39, Nov. 4 (41 pages).

A key part of U.S. mobility strategy, known as afloat prepositioning, is keeping ships continuously loaded with combat equipment and support

items. These ships are anchored near potential trouble spots so that they can quickly respond to developments during wartime. This report discusses (1) how afloat prepositioning was used during the Persian Gulf war, (2) the Defense Department's (DOD) postwar initiatives to improve afloat prepositioning, and (3) issues related to DOD's expansion of afloat prepositioning.

**Army Acquisition:
Contract for the Reserve Component Automation System**

GAO/NSIAD-93-5, Nov. 5 (24 pages).

GAO found no reason to object to the Army's decision to award the Reserve Component Automation System contract. Applicable laws and regulations were followed; a proper cost and technical analysis was done; and the Source Selection Authority fully documented the rationale for the decision not to make the award to the lowest bidder. The request for proposals clearly stated that technical capability would be considered more important than cost. The source selection authority concluded that the technical capability of Boeing Computer Services' proposed system more than offset the difference in cost, although cost was considered in this decision. This process fully conformed to the source selection plan and the information provided to all prospective offerers in the request for proposals.

**Property Management:
DOD Can Increase Savings by Reusing Industrial Plant Equipment**

GAO/NSIAD-93-8, Nov. 6 (19 pages).

Because the military's industrial plant divestiture practice allows the sale of government-owned, contractor-run plants containing equipment that may be needed elsewhere in the Defense Department, the government may end up having to buy replacement equipment at higher cost. For example, in 1989 the Air Force sold an industrial plant, including land, buildings, and 513 pieces of industrial plant equipment, to the contractor—General Electric—for \$18.1 million. At the time, other military locations needed 174 pieces of the plant equipment with an estimated replacement value of \$26 million. Within a few months after purchasing the plant, General Electric sold several pieces of plant equipment to third parties. Selling the plant to General Electric was contrary to the Pentagon's industrial policy,

which encourages the reuse of existing idle or excess plant equipment to minimize new procurements.

**Officer Commissioning Programs:
More Oversight and Coordination Needed**

GAO/NSIAD-93-37, Nov. 6 (111 pages).

In fiscal year 1990, the Pentagon spent more than \$1.5 billion to train newly commissioned officers. This report reviews the three main officer-commissioning training programs in each service—the academies, the Reserve Officers' Training Corps, and the Officer Candidate Schools. GAO discusses the cost of training an officer, the quality of officers trained by the various commissioning sources, the effectiveness of management oversight of officer training, and the immediate opportunities to cut costs.

**Depot Maintenance:
Planned Transfer of Industrial Plant Equipment From Seneca
Army Depot**

GAO/NSIAD-93-51, Nov. 6 (19 pages).

The Pentagon, citing insufficient work load, plans to transfer industrial plant equipment maintenance and special weapons storage missions from the Seneca Army Depot in Romulus, New York, to a facility in Mechanicsburg, Pennsylvania. The Defense Department (DOD) believes that the costs for maintaining and rebuilding industrial plant equipment will be lower at the Mechanicsburg site. GAO's analysis shows that DOD's cost comparison was incomplete and inaccurate and that rebuilding costs at both facilities were actually very close, although GAO cites several factors that support consolidation at the Mechanicsburg facility.

**Military Communications:
Joint Tactical Information Distribution System Issues**

GAO/NSIAD-93-16, Nov. 12 (23 pages).

The program to develop the Joint Tactical Information Distribution System—intended to display tactical information, such as the position of enemy targets, on terminals in fighter aircraft and ground-based command centers—has experienced fluctuations in the number of terminals needed, reflecting uncertainty about the Pentagon's joint system needs and

priority. Specifically, the Air force revised its plan to equip F-15 aircraft with the terminals and the Army virtually eliminated its involvement in the program, then later reversed its position. In 1989 the Defense Department (DOD) decided to begin low-rate initial production of the system despite unsatisfactory test results and recommendations that production be delayed. A Navy-Air Force decision in 1991 to continue low-rate production for a second year was not based on adequate testing. Although testing in 1992 revealed alarming system deficiencies, production continued. The two criteria essential for justifying system production—operational effectiveness and suitability—have yet to be satisfactorily demonstrated. In addition, the system's cost-effectiveness is questionable because of (1) the uncertainty associated with DOD's joint system needs and priority; (2) unsatisfactory test results; and (3) plans for the smaller, lighter weight, and less costly Multifunctional Information Distribution System.

**Operation Desert Shield:
Problems in Deploying by Rail Need Attention**

GAO/NSIAD-93-30, Nov. 13 (70 pages).

To rapidly deploy its forces in wartime, the Army depends on the rail system to transport its equipment from installations to ports of embarkation. The rail facilities and loading operations at Army mobilization stations are therefore focal points for deployment, and they are expected to become increasingly critical as Army units in Germany, Korea, and other locations return to the United States. At the six mobilization stations GAO visited, the Army transported unit equipment to ports as scheduled during the six-month period covered by Operation Desert Shield, but deteriorated rail facilities at some mobilization stations constrained loading operations. Future conflicts could easily require the deployment of even great numbers of U.S. forces during shorter periods of time. The Army began a program in fiscal year 1986 to repair rail facilities, but the effort's effectiveness has been severely hampered by program management problems. Also, the Pentagon and the Army have not corrected many deployment problems that GAO identified in 1987.

**DOD Service Academies:
More Changes Needed to Eliminate Hazing**

GAO/NSIAD-93-36, Nov. 16 (115 pages).

Hazing, outlawed for more than a century, has not disappeared from the service academies. At all three service academies, hazing occurs more often than official records would suggest, although the academies rarely charge anyone with hazing, preferring to pursue discipline under a lesser charge. The distinction between hazing and legitimate fourth class indoctrination, which typically includes harassment by upperclass students, can be murky. Recent changes to the fourth class systems at the Military and Naval academies appear to have successfully reduced the extent of hazing, although some kinds of hazing, such as verbal harassment and ridicule, persist. The Air Force Academy has not done an in-depth review of its fourth class system similar to those conducted at the other academies and has shown no recent reduction in the level of hazing. The harmful effects of hazing on cadets and midshipmen include higher levels of stress, lower grade point averages, attrition from the academies, and reduced career motivation.

**Navy Maintenance:
Overseas Ship Repairs and Associated Costs**

GAO/NSIAD-93-61, Nov. 13 (40 pages).

The Navy spent \$1.3 billion on overseas ship maintenance in fiscal years 1987-91. Almost 85 percent of all repairs were done at three Navy-run facilities. Overseas ship maintenance costs are declining, and the Navy projects that overseas costs will total \$1.1 billion in fiscal years 1992-98. If the Japan-based ships were returned to U.S. shipyards for long-term planned maintenance, the ships could not meet existing operational requirements because Navy policies require ships to stay in their homeports twice as long as they have been deployed. In addition, the cost for long-term planned maintenance for the Yokosuka-based ships at U.S. shipyards would range from \$211.7 million to \$741.6 million more for fiscal years 1992-98. Japan's labor-cost-sharing agreement with the United States significantly lowers costs in Japan. Japan will fund 100 percent of the labor costs for U.S. ship repairs by 1996. The Navy lacks enough controls to ensure that its overseas maintenance process complies with statutory limitations on overseas maintenance of U.S. homeported ships. Further, the Navy has not incorporated the legislative limitations on overseas ship repairs into Navy policy and procedures.

**Navy Maintenance:
Fewer Shipyards May Be Needed as Ship Repair Requirements
Decline**

GAO/NSIAD-93-23, Nov. 18 (36 pages).

Recognizing that fewer ship repairs will be needed in the future, the Navy plans to cut the size of the public shipyard work force by about one-third by fiscal year 1995. The shipyards, however, have been told to continue to base their mobilization planning on an outdated model, that of a protracted global war, because the Pentagon has yet to issue new planning guidance on the regional conflicts that are more likely in the 1990s and beyond. Given the sweeping changes in the former Soviet Union and eastern Europe, the Navy should consider downsizing ship repair operations to a cost-effective level that will meet future peacetime needs while also allowing the Navy to meet reasonable contingency requirements. The Navy should use more realistic planning estimates and the reassessment of requirements as a basis for considering whether to recommend closing more public shipyards.

**Navy Ships:
Status of SSN-21 Design and Lead Ship Construction Program**

GAO/NSIAD-93-34, Nov. 17 (52 pages).

This is the unclassified version of a May 1992 GAO report on the Navy's Seawolf Nuclear Attack Submarine (SSN-21) construction program. GAO found that the SSN-21 program is experiencing cost overruns and schedule delays. As of the end of 1991, design costs were estimated to more than double by the time the design contract is completed and total construction costs were estimated to rise by about 45 percent over the original target costs. Welding cracks discovered during the lead ship's construction caused a one-year delay. As a result, the potential construction schedule impact of the Newport News Shipbuilding's and Electric Boat's late delivery of design data has been reduced. Two weapons systems that were planned for use on the SSN-21 experienced development and funding problems and were canceled. Because of this, the SSN-21 will be less capable than planned.

**Air Force Depot Maintenance:
Improved Pricing and Financial Management Practices Needed**

GAO/AFMD-93-5, Nov. 17 (47 pages).

The Air Force's Depot Maintenance Industrial Fund, which provided about \$3.6 billion worth of maintenance services to its customers during fiscal year 1991, was supposed to break even on these sales. The fund, however, has suffered losses and has experienced a steady increase in its backlog of work mainly because managers repeatedly based the fund's prices and the size of its work force on productivity estimates that were not attained. To eliminate the losses and achieve profits, the fund has resorted to improper or questionable practices, such as charging customers for work that was not done. These practices (1) cause financial reports and budget documents to provide a misleading picture of the fund's performance and (2) make it hard for the Defense Department and Congress to oversee the fund and the appropriation requests of fund customers. GAO's analysis of the fund's projected work loads and capabilities for fiscal years 1992 and 1993 shows that customers' fiscal year 1993 budget requests include at least \$365 million for work that is unlikely to be started before fiscal year 1994. Its analysis of the Air Force's plan for reducing the fund's fiscal year 1991-95 costs by \$1.1 billion shows that the Air Force is unlikely to succeed mainly because (1) fund managers lack the information needed to manage effectively and (2) the Air Force's plan makes unrealistic assumptions about the savings that can be achieved through competition.

**Air Force Requirements:
Cost of Buying Aircraft Consumable Items Can Be Reduced
by Millions**

GAO/NSIAD-93-38, Nov. 18 (10 pages).

Contrary to Congress' expectations, the Air Force did not make the changes GAO recommended in a July 1991 report (GAO/NSIAD-91-201) concerning its consumable item requirement computation system. The changes would have ensured that (1) recurring demand back orders were not counted twice in requirement computations and (2) on-hand assets available to satisfy depot maintenance requirements were considered in the computations. Had the Air Force made the recommended changes, it could have reduced fiscal year 1993 requirements by \$508 million and related procurements by \$203 million. This estimate is based on budget data showing procurements to be about 40 percent of requirements.

Natural Resources

Wildlife Management: Many Issues Unresolved in Yellowstone Bison-Cattle Brucellosis Conflict

GAO/RCED-93-2, Oct. 21 (35 pages).

Montana succeeded in eradicating brucellosis from its cattle herds in 1985, allowing Montana ranchers to ship their cattle to other states without first testing them for the disease. Cattlemen are concerned about the possibility that brucellosis, a contagious disease that can cause abortions and infertility in domestic cattle, may be spread from Yellowstone Park's free-roaming bison and elk herds to livestock grazing along the park borders, thereby jeopardizing Montana's ability to freely transport cattle across state lines. Although its policy is not to restrict the movement of the park's bison and elk, the National Park Service has, in an attempt to reduce the risk of brucellosis transmission, killed more than 10,000 bison that have wandered out of the park in recent years. This report provides information on the (1) scientific evidence that brucellosis can be transmitted from bison and elk to domestic cattle, (2) economic damage that might arise from such transmission, and (3) management alternatives for preventing or reducing the likelihood of such transmission.

Royalty Compliance: Improvements Made in Interior's Audit Strategy, but More Are Needed

GAO/RCED-93-3, Oct. 29 (24 pages).

During the past several years, the Department of the Interior has been collecting about \$4 billion in royalties each year from oil and gas companies that hold mineral leases on federal or Indian lands. Although the Minerals Management Service (MMS) has substantially improved its strategy for auditing royalty payers, these audits still do not provide reasonable assurances that such royalty payments comply with applicable laws, rules, and regulations. The amount of royalties actually audited or verified is very small, increasing the likelihood that noncompliance will go undetected. In addition, the judgmental samples are not representative of all payers and leases; consequently, MMS cannot determine with any degree of confidence such things as the level of compliance by payers or the magnitude of underpayment—that is, the royalties at risk. MMS can, however, require payers to do the additional work needed to correct the system problems found by audits and to compute any additional royalties

due. An MMS task force issued a report in June 1991 recommending major changes to improve MMS' strategy for auditing royalty payers, including the use of statistical sampling, a measure GAO supports.

**Mineral Resources:
Meeting Federal Needs for Helium**

GAO/RCED-93-1, Oct. 30 (34 pages).

Federal agencies use helium in everything from space programs to superconductivity research. The Helium Act of 1960, which seeks to conserve and provide a steady supply of this inert gas for essential government activities, requires federal agencies to buy most of their helium from the Department of the Interior's Bureau of Mines. The act further provides that Interior price federal helium so that revenues from sales cover all program costs. This report discusses (1) actions that the Bureau has taken to meet the objectives of the 1960 act; (2) issues that should be considered when Congress decides how to meet current and foreseeable federal needs for helium, including whether the program debt in the Helium Fund should be canceled or repaid; and (3) three alternatives for meeting federal needs for helium—continue the Bureau's existing program, require that all federal needs be met by the private sector, or allow federal agencies to choose to buy helium from either the Bureau or private industry.

**Science, Space, and
Technology**

**High-Technology Competitiveness:
Trends in U.S. and Foreign Performance**

GAO/NSIAD-92-236, Sept. 16 (74 pages).

Debates about U.S. policy on everything from trade to education have increasingly focused on the ability of American producers to compete successfully in global markets. High-technology products have received considerable attention because their strong performance has been linked to increases in overall economic performance and growth. This report assesses U.S. competitiveness in high-technology areas, considering, in particular, trends in U.S. performance over the last decade and comparisons with Japan. GAO considers several basic questions. First, what is the significance of high-technology performance and how well can it be measured? Second, what do measures of overall U.S. performance in high-technology areas suggest? And third, for 11 industries—pharma-

ceuticals, civilian aircraft, telecommunications equipment, fiber optics, semiconductors, semiconductor equipment and materials, robotics, flexible manufacturing systems, supercomputers, advanced materials, and consumer electronics—what has been the relative performance of U.S. producers and U.S. research efforts during the past decade?

Space Programs:

NASA's Independent Cost Estimating Capability Needs Improvement

GAO/NSIAD-93-73, Nov. 5 (eight pages).

The Advisory Committee on the Future of the U.S. Space Program recommended in December 1990 that NASA establish an independent cost analysis group to advise on cost estimates provided to Congress and the Office of Management and Budget. NASA's efforts to date have not met the committee's intent, although the agency recently announced plans that may be more responsive. NASA's initial actions were deficient because (1) results of formal cost review were reported to program officials rather than directly to the head of NASA; (2) advice provided to the head of NASA on cost estimates was informal and undocumented; (3) cost estimates were reviewed only at the start of new initiatives, not at all major decision points over a program's life; and (4) the cost analysis group did not have adequate staff to do independent estimates at all major decision points. NASA recently announced plans to establish a new independent cost assessment group to be staffed with enough resources to function as envisioned by the committee.

Social Services

Welfare to Work:

States Serve Least Job-Ready While Meeting JOBS Participation Rates

GAO/HRD-93-2, Nov. 12 (16 pages).

Concerns have arisen that JOBS-participation-rate requirements may be discouraging states from serving the least job-ready welfare recipients, including educating and training them. GAO discovered, however, that these concerns are unsupported by data that states reported to the Department of Health and Human Services during fiscal year 1991. All but one state met the seven percent participation rate for fiscal year 1991, and all spent at least 55 percent of their JOBS budgets on target group members.

Of those welfare recipients serviced by states participating in JOBS during this period, 62 percent were target group members. These target group members were most often placed in education and training activities, with no more than 12 percent placed in job search activities. In addition, one in three target placements, compared with one in four nontarget placements, was in secondary and remedial educational activities.

Transportation

Mass Transit: Information on Federal Participation in Transit Benefit Programs

GAO/RCED-93-25, Nov. 13 (28 pages).

Recent legislation allows federal agencies to promote the use of public transportation by their employees through the use of discounted passes or other public transportation subsidies. This report assesses (1) the extent of federal agency and employee participation in state or local transit benefit programs, including the factors influencing participation, and the rates of pay of participating employees; (2) the costs of federal agency and employee participation in state or local programs and how this participation is being managed and implemented; and (3) the extent to which the legislation has successfully encouraged the use of public transportation. GAO concludes that it is too soon to know whether providing transit benefits results in greater use of public transportation among federal employees or, alternatively, whether the population of federal employees using public transportation will remain roughly the same. This impact will be a key consideration when Congress considers extending agencies' authority to offer transit benefits beyond 1993.

Airspace System: Emerging Technologies May Offer Alternatives to the Instrument Landing System

GAO/RCED-93-33, Nov. 13 (39 pages).

Precision landing systems, which allow aircraft to land and depart under poor weather conditions, improve airline safety and increase runway capacity. During the 1970s, the Federal Aviation Administration (FAA) began developing the microwave landing system to replace the current instrument landing system, which has been in use for more than 50 years. FAA expects the microwave landing system to be ready by the mid-1990s. In the years since the decision was made to develop the microwave landing

system, however, other technologies for precision landing systems have emerged, and FAA is now supporting the development of a satellite-based system, as well as an instrument landing system enhanced with a computer-based flight management system. This report reviews these systems. GAO (1) describes the capabilities and costs of these precision landing systems and (2) identifies some potential consequences of FAA's approach to developing them.

**Mass Transit Grants:
If Properly Implemented, FTA Initiatives Should Improve Oversight**

GAO/RCED-93-8, Nov. 19 (64 pages).

The \$35 billion grants program at the Federal Transit Administration (FTA), which helps state and local authorities build or upgrade mass transit systems, is one of 16 areas in the federal government that GAO has flagged as highly vulnerable to fraud, waste, and abuse. In a series of reports, GAO has examined grant oversight in four FTA regions that receive about 60 percent of FTA's grant funds. This report (1) builds on GAO's earlier work to demonstrate the systemic effect of FTA's weak oversight, (2) assesses recent FTA and legislative initiatives designed to correct oversight problems, and (3) examines the mix of staff between FTA regional offices and headquarters and the agency's use of contractors to conduct oversight activities.

Veterans Affairs

**Veterans' Benefits:
Availability of Benefits in American Samoa**

GAO/HRD-93-16, Nov. 18 (21 pages).

Although citizens of American Samoa, including veterans, are eligible for essentially free medical care, the medical facilities in American Samoa are limited and financial problems have disrupted care at the only hospital. The Department of Veterans Affairs (VA) sends doctors to American Samoa on a quarterly basis, but their main purpose is to do examinations for benefit claims, not to treat patients. Under this arrangement, the psychiatric needs of veterans with posttraumatic stress disorder are not being met, some veterans claim that it is hard to obtain needed medical referrals, and veterans who need drug and alcohol treatment or readjustment counseling are not being served. A greater percentage of veterans in American Samoa (20 percent) receive VA compensation or

pension benefits than do veterans in the rest of the nation (10 percent). VA home loans, however, are unavailable to veterans in American Samoa due to problems in administering the program on communally owned lands.

GAO

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